UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Advanced Level

LAW **9084/31**

Paper 3 Law of Contract **October/November 2012**

1 hour 30 minutes

Additional Materials: Answer Booklet/Paper

1253861781

READ THESE INSTRUCTIONS FIRST

If you have been given an Answer Booklet, follow the instructions on the front cover of the Booklet.
Write your Centre number, candidate number and name on all the work you hand in.
Write in dark blue or black pen.
Do not use staples, paper clips, highlighters, glue or correction fluid.

Answer **one** question from **Section A**, **one** from **Section B** and **one other**, thus making a total of **three** responses required.

At the end of the examination, fasten all your work securely together.
The number of marks is given in brackets [ ] at the end of each question or part question.

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Candidates must attempt **one** question from **Section A**, **one** from **Section B** and **one other**, thus making a total of **three** responses required.

Section A

1 Intention to create legal relations is the most recently developed and the least important of the three basic requirements for a binding contract (agreement, consideration and intention).

Critically assess the truth of this view. [25]

2 Specific Performance is a remedy granted at the discretion of the courts in civil law.

Explain the key features of the remedy and discuss the conditions under which the remedy may be granted for breach of contract. [25]

3 Modern case law suggests that the more onerous a particular term is, the greater the degree of notice required to incorporate it in a contract.

Analyse the common law rules for incorporating terms in a contract and, with reference to case law, assess the extent to which you agree with this statement. [25]

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Section B

4 José is reading a newspaper when he sees the following advertisement.

> Treat yourself to a new digital SLR camera
> from PhotoDirect
> – prices from £299 –
>
> Contact us today on 0845-666777
> for a quotation.
>
> We have 1000s in stock for immediate dispatch.

José telephones PhotoDirect and says that he is interested in buying a camera with an 18–105 mm telephoto lens and asks what it would cost. The sales assistant has to check prices and promises to call him back.

The sales assistant calls back when José is engaged on another call, so has to leave a voicemail message. The message says: 'The camera you have ordered will cost £500, please call us with your credit card details. Delivery will be within 5 working days.' José does not listen to the message and buys a camera from CameraMart for £450.

Several weeks later, the camera ceases to work. He returns it to CameraMart and is told that it can neither be repaired nor replaced because the manufacturer has gone out of business; he had bought the last of CameraMart's stock of this camera.

José buys a replacement camera with the same features from Flash Harry but has to pay £520 for it.

Critically assess the rights and liabilities of José, PhotoDirect and CameraMart as a consequence of the above events. [25]

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[Turn over

5 Thierry is trying to sell his motorcycle. Zinadine takes a look at the motorcycle whilst Thierry tells him that it has had one previous owner and that the odometer* shows that the motorcycle has been ridden for 50 000 km since new. Zinadine agrees to buy it for £3 000.

According to the vehicle ownership document in Thierry's possession, the motorcycle has had two previous owners. Also Thierry had a new odometer fitted to the motorcycle when the old one broke at the point that it read 20 000 km, so the motorcycle has actually been ridden for 70 000 km.

*Odometer: an instrument for measuring the distance travelled by a wheeled vehicle.

Discuss Thierry's potential liability towards Zinadine, if he discovers that he has been misled by Thierry. [25]

6 Rohan buys a vehicle from Super Lorries to transport steel sheets from his factory to customers. He tells Super Lorries that he requires a vehicle able to carry a load of up to 200 tonnes in weight. Super Lorries suggests a suitable vehicle and Rohan places an order for one at a price of £500 000. Rohan takes delivery of the vehicle. He loads it with 180 tonnes of steel, but after only 50 miles of its first 150-mile journey it breaks down.

Rohan discovers that the vehicle supplied by Super Lorries is only designed to carry a maximum weight of 150 tonnes. This causes Rohan three problems. He needs a lorry which carries heavier loads in order to continue his business. Because the lorry has now been used, he would lose 40% of its original price if he was to sell it. He has also lost £75 000 profit on a number of transport contracts that he had expected to carry out with the new lorry.

Using decided cases to support your arguments, discuss **(a)** whether or not Rohan might be entitled to repudiate the contract with Super Lorries and **(b)** the measure of any remedies that Rohan might be entitled to recover. [25]

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